

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

PA-01 PRS-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02

SS-15 STR-04 TRSE-00 ACDA-07 /134 W

-----291442Z 111478 /45

R 291405Z JAN 77

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 7169

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ENRG, PFOR, PGOV, KU

SUBJECT: PRESS REPORTS QATARI PLAN FOR OPEC OIL PRICE COMPROMISE

REF: (A) BAGHDAD 0178 (NOTAL), (B) CARACAS 0873 (NOTAL),

(C) KUWAIT 0349.

1. KUWAITI PRESS PUBLISHES WHAT ARE PURPORTED TO BE CENTRAL ELEMENTS OF QATARI PLAN TO ACHIEVE OPEC AGREEMENT ON ABOLISHING CURRENT CRUDE OIL DUAL PRICE SCHEME AND ADOPTING SINGLE AGREED PRICE. (REFS. A AND B REPORT THAT OTHER OPEC MEMBERS MAY BE THINKING ALONG THE SAME LINES.) QATARI PLAN, REPORTEDLY PRESENTED DURING VISIT TO KUWAIT BY QATAR'S OIL MIN (REF C), IS ASSERTED TO INVOLVE ABANDONMENT OF 5 PERCENT PRICE INCREASE (SLATED FOR OPEC-11 COUNTRIES IN JULY 1977) IN RETURN FOR SAUDI- UAE COMMITMENT TO AUGMENT THEIR RECENT 5 PERCENT HIKE BY AN ADDITIONAL 5 PERCENT, SO AS TO ACHIEVE UNIFORM OPEC PRICE OF 10 PERCENT OVER 1976 LEVEL AND THUS ELIMINATE DUAL PRICING.

2. SAME PRESS REPORT (JAN. 29) ALLEGES THAT THE INDONESIAN AMBASSADOR IN KUWAIT HAS INFORMED THE KUWAITI OIL MIN THAT INDONESIA SUPPORTS THE QATARI PLAN. TWO KUWAITI COMMENTATORS CONCLUDE THAT SUPPORT FOR QATARI PLAN IS SUFFICIENT TO ENCOURAGE THE QATARI MINISTER TO CONFRONT SAUDI AND UAE AUTHORITIES WITH IT NEXT WEEK. KUWAITI PAPERS ARE GENERALLY ENTHUSIASTIC OVER THE QATARI MOVE.

3. KUWAITI PRESS ALSO CARRIES FIRST PUBLISHED INDICATION THAT GOK'S BUDGET PLANNING MIGHT BE AFFECTED BY FORSEEABLE DROP THIS YEAR IN OIL INCOME, DUE TO THE ADVERSE EFFECTS OF THE DUAL PRICE SYSTEM ON THE COMPETITIVENESS OF KUWAITI CRUDE. WHILE MINISTER FOR CABINET AFFAIRS HUSSEIN DENIED THAT DECREASES IN KUWAITI OIL PRODUCTION TO THE PRESENT WOULD AFFECT "EXTERNAL OR INTERNAL COMMITMENTS," ONE DAILY PAPER REPORTED "INFORMED SOURCES" AS SAYING THAT, "OWING TO REDUCTION OF KUWAITI OIL REVENUES AND PROBLEMS IN MARKETING OIL" THERE ARE LIMITED OFFICIAL USE

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PLANS TO CUT BACK GOK EXPENDITURES AND THAT THE ANNUAL (1977-78) BUDGET NOW IN PREPARATION WILL BE AFFECTED, ESPECIALLY IN THE AREAS OF FOREIGN AID AND GOVERNMENT SALARIES. MAESTRONE

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Remarks:
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